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C O N F I D E N T I A L SECTION 01 OF 02 MANAMA 000365

SIPDIS

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TAGS: [EFIN](#) [PTER](#) [PREL](#) [IR](#) [BA](#)
SUBJECT: BAHRAIN COMMITTED TO COUNTER TERROR FINANCE
COOPERATION

Classified By: CDA Christopher Henzel for reasons 1.4 (b) and (d)

11. (C) Summary. Treasury Deputy Assistant Secretary Daniel Glaser met with GOB officials May 21 on the margins of the annual MENAFATF meetings to discuss the pardon of convicted terrorist financier Adil Amin, counter terrorist and proliferation finance cooperation in regard to Iran, and the coordination of an Islamic charities/counter terror finance (CTF) conference to be held in Manama. End Summary.

Adil Amin

12. (C) Glaser told Minister of Justice Sheikh Khalid bin Ali Al Khalifa and MFA Assistant Under Secretary Sheikh Abdulaziz bin Mubarak Al Khalifa that the USG was considering designating Adil Amin as a terrorist financier under U.S. executive authorities and submitting his name to the UN for designation under UNSCR 1267. Both Sheikh Khalid and Abdulaziz welcomed the idea and noted that Bahrain is committed to upholding UN Security Council Resolutions under Chapter VII authority. Glaser asked whether it would be helpful to have an international designation when the GOB takes action against terrorist networks. Sheikh Khalid responded stating that an international designation would serve to reinforce Bahraini actions, such as the one taken against Amin. He went on to explain that the pardon was done for political and strategic reasons and should not be construed as a softening of the GOB approach to CTF issues. Noting that Amin will remain under close observation, he stated that sometimes a pardon is used to balance "the threat that a person poses out of prison, and the potentially larger threat that they pose as a martyr." Minister of Finance Sheikh Ahmed bin Mohammed Al Khalifa later told Glaser that the GOB was under constant pressure from sectarians in parliament and in society to become more Islamist, and that it is "constantly fighting to keep Bahrain in the middle."

Iran

13. (C) In his meeting with the Minister of Finance, Ahmed bin Mohammed Al Khalifa, Glaser reaffirmed the USG dual-track diplomatic strategy of using both engagement and pressure to contain Iran. Glaser also asked Sheikh Ahmed for his views on the Iran's foreign reserves held in Bahrain. Explaining the need for a cordial relationship with Iran as neighbors, the Minister said that the GOB does not want "much beyond that" and that from the GOB's perspective, the amount of Iranian foreign reserves in Bahrain is small. Sheikh Ahmed also noted that the Central Bank of Bahrain monitors Future Bank, a U.S.-designated entity, closely and that there has not been activity to warrant closure but that Bahrain has the authorities to act against the bank if the situation warranted. Recounting the strong trade relationship that Bahrain had with Iran in the 1980s, Sheikh Ahmed said that those times were over and Bahrain does not look towards Iran for a market. He stated that although the business

opportunities with Iran are huge, there would be "associated things that we would not want to deal with."

14. (C) In his meeting with MFA Assistant Under Secretary Sheikh Abdulaziz bin Mubarak Al Khalifa, Glaser highlighted current U.S. diplomatic strategy and the February 2009 Financial Action Task Force statement on Iran, which calls for counter-measures. Abdulaziz told Glaser that Bahrain has little leverage with Iran, but backs the U.S. approach. "In Bahrain, you are preaching to the converted--we are already standing firm." Adding that he thought the UAE and Oman need to do more, Abdulaziz said "they have a cozy relationship (with Iran) and it worries us." Glaser replied by noting that the USG is heavily engaged with the UAE on this issue. Abdulaziz observed that Iran is in a "desperate situation" and is ready to sit down to the negotiating table, concluding that the Iranian government is only ratcheting up the rhetoric now because they feel it puts them in a position of strength for negotiations.

Charities Conference

15. (C) Abdulaziz told Glaser that the MFA was prepared to host a regional CFT/Charities conference in conjunction with MENAFATF and the Treasury Department at the end of October. He said that just as Bahrain had established itself as the worldwide model for Islamic banking oversight, the GOB wants Bahrain to become the worldwide model for Islamic charities oversight, stating that "it is important that the money go to legitimate purposes." Despite the fact that the conference will be "controversial within the Shi'a community," Abdulaziz

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stated that the GOB was committed to holding the conference even if it means "going out on a limb." Justice Minister Sheikh Khalid also expressed strong interest in this conference, explaining that the GOB is working to enhance oversight of its charitable sector and that "money needs to go where the donor intends it."

16. (U) Deputy Assistant Secretary for Treasury Terrorist Financing and Financial Crimes Daniel Glaser has cleared this message.

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HENZEL